



Paul Duggan & Associates Limited
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tax + business newsletter



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Risk and Reward



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Scheme swapping across the ditch

The Australian government recently announced that they have made changes to legislation that will allow New Zealanders to transfer their retirement savings from KiwiSaver into a compatible Australian scheme and vice versa.

This legislation is the result of an arrangement between the New Zealand and Australian governments and removes an obstacle between the two countries, providing the ability for people to take advantage of employment opportunities in either country, while still continuing to contribute to a retirement scheme.

Australia's ruling is that it is compulsory for employees to be involved in a superannuation scheme. This means that previously, any Kiwis working in Australia who were contributing during the time of their employment had to leave that money in Australia when and if they returned to New Zealand.

The Australian Tax Office recently estimated that it is holding NZ\$21 billion in lost accounts, which has been put down to contributing Kiwis who have returned home and had to leave their contributions behind as a result. The new scheme will mean that this money can be transferred from the Australian scheme, to their scheme provider here in New Zealand.

The transferring of funds will not incur any entry or exit taxes but the downside is that Kiwis will not be able to use their Australian superannuation fund towards a new home. However any interest earned on the account may be used to do so.

The Australian scheme will have to comply with KiwiSaver in order for the transfer to be made as not all schemes are compatible.

If you have contributed to an Australian superannuation scheme in Australia and want access to your funds, visit www.kiwisaver.govt.nz

Tax Talk

Changes to online GST tax returns

The IRD have made changes to the way you file your GST returns.

In September last year the IRD introduced the eGST filing service. Now the decision has been made to remove the ability for the public to access the standard online form, meaning customers will need to change their filing methods and register to file their returns through MyIR.

The IRD will have sent a letter to all clients in July notifying them of the change. In addition to this a new GST email service has been established to alert customers registered with MyIR that their GST return is available, three days before it's due.

For more information on the changes to online GST returns, visit www.ird.govt.nz





Changes to parental leave and the minimum wage

On 1 July 2013, the rate for Parental Leave and Employment Protection increased. The change has been made in line with the alteration to the average weekly wage.

The maximum amount available to eligible employees and the self-employed increased from \$475.16 to \$488.17 gross a week.

The minimum parental leave payment for self-employed persons increased from \$135 to \$137.50 gross a week.

Each rate is calculated based on the employee's average weekly earnings and those eligible for the scheme are entitled to 14 weeks.

If you always do what you always did, you will always get what you always got. - Albert Einstein

Invest in your business - invest in your staff

Your staff can often be one of the most valuable assets in your business. By investing in training, and taking the time to develop their skills, you will find that they not only feel valued as team members but it can also improve know how and the ability to adapt in unknown or new situations.

Although up-skilling is not always a low cost solution, it's important that it's viewed as an investment in your business. Some of the benefits to up-skilling include:

- Staff retention - employees who are given ongoing training feel valued and tend to remain loyal
- Improved quality and productivity - providing staff with the skills to deal with more challenging and potentially unexpected tasks
- The flow on effect - motivated employees have a more positive attitude and this can influence other members within your team
- Staying competitive - with a great team behind you, you have the potential to become the best in your market

There are many organisations now providing staff training programs throughout New Zealand. Before embarking on a training initiative, do your research. Ask yourself what you think would benefit your team and start from there. Take the time to invest in your staff and you will not be disappointed.



New mixed-use assets rules, lease payments and other measures now law



Tax rules on lease inducement payments and surrender payments now law

A recent change in legislation introduced new rules on the tax treatment of lease inducement payments and surrender payments. From 1 April 2013, such payments are deductible for the payer and taxable for the recipient and are subject to spreading rules.

If you are negotiating or renewing commercial leases, we recommend talking to us to ensure any tax considerations are correctly taken into account.



Renting your beach house out?

As previously signalled in earlier newsletters, new rules on claiming expenses for mixed-used assets such as holiday homes (assets being used both privately and for earning income) have been passed in to law.

Previously expenses have been subject to a private to business ratio (including when the asset was available for use even if it wasn't being used). The new rules restrict the deductibility of this expenditure by limiting the expenditure allowed for the period that the asset is available for use and not used.

Even though these rules have just been enacted, they actually apply from 1 April 2013. If you own any assets such as a holiday bach or a boat and rent these out during the year, please come and talk to us. The government has publicly stated they are expecting an extra \$50m in revenue from these new rules, so they will be enforced.

A leader is a dealer in hope. - Napoleon Bonaparte

Make sure you're covered.

Who is Accountancy Insurance and what do they do?

Accountancy Insurance are tax audit insurance specialists who assist over 1800 accounting firms throughout New Zealand and Australia. Established in 2003, Accountancy Insurance currently employ over 60 members of staff across both countries with each and every team member passionate about providing the market with a tax audit insurance product that is simple and effective - **Audit Shield**. The team at Accountancy Insurance has the depth of knowledge to ensure **Audit Shield** covers accounting firms and importantly, you, when it matters.

Fundamentally, **Audit Shield** allows for clients of accounting firms to be covered for professional fees that are incurred as a result of responding to post lodgement queries from Inland Revenue (IR) and other government authorities in New Zealand. 'Audit' is broadly defined under the policy to include any official enquiry, review, investigation or audit (including phone enquiries) instigated by the government authorities in relation to lodged returns.

With the announcement from Inland Revenue that the mainframe computer system would go through an expensive update over the coming years, we anticipate the technology to be much more advanced in matching and reviewing tax lodgements. In order to be protected, ensure you ask us about **Audit Shield** to find out how we can give you peace of mind when it comes to tax audit insurance.



'Take time to be sure, but be sure not to take too much time' Kushandwizdom

How to boost team morale within your business

It's that time of year when team morale begins to drop. The colder months tend to lean toward less social interaction and more 'bunking down.' This in turn leads to a general lack of motivation amongst employees. What better time to launch a rocket ship so to speak, and organise some exciting boosters for your team?

Recognise special personal events - Acknowledge birthdays and the length of time spent with the company. Organise a coffee shout or buy a cake from the local bakery and get the whole team together to recognise the occasion.

Communicate - Encourage conversation and idea sharing amongst team members. Remember that most of our time is spent at work and it's a good way to learn more about each other.



Acknowledge and reward hard work - Order in pizza for lunch, have Friday after work drinks or simply send around a congratulatory email. As long as you ensure the right people are rewarded and your staff feel valued.

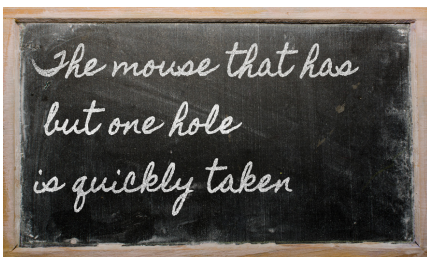
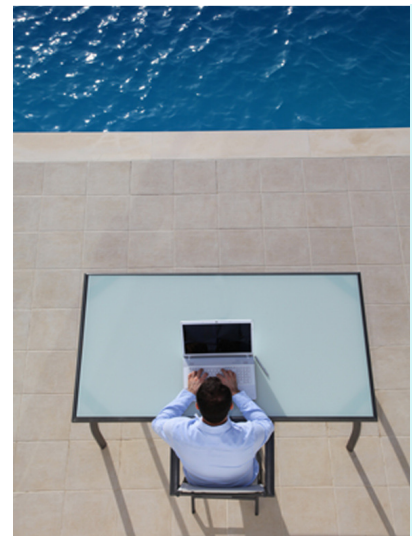
Encourage regular breaks - Remind employees to stop work for 10 or 15 minutes in the morning and afternoon. Suggest popping outside for fresh air or coffee. It actually improves productivity.

Smile and have fun - Organise team events away from the office, whether it be a team building exercise or a group lunch. Work can be stressful at times and can lead to burnout. It's important to add an element of light heartedness, as long as it's done in good taste. Employees will prosper from positive energy.

Netiquette - Focus on Out of Office Emails

If you're going away on holiday, it's important to let people know you're away. It can be frustrating for those trying to get in touch with you about an urgent matter, only to get no response to their emails or voicemail. Setting up an automatic reply is a good way to communicate with clients and prevent them from going elsewhere to solve their issue.

- Mention the date you'll be out of the office from and the date you'll return to work
- State whether you'll be clearing emails while you're away
- Ensure you've listed other colleagues who can be contacted in your absence
- Ensure the main company phone number is included in the email
- Remember to keep it brief. Your clients will be contacting you because they need something, so they require a quick answer or solution - make sure you point them in the right direction.



FYI

Word of mouse: The online version of word of mouth, word of mouse refers to the fast paced spreading of information in cyber space. This is information sharing that goes viral, usually through social networks such as Facebook and Twitter. Because of the interactive nature of online markets, the information is spread much faster online than offline.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.



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